

Tax Treatment of Benefit Payments to Retirees	Benefits paid at retirement are taxable to participants	Same as Retirement Plan	Same as Retirement Plan
Funding	Plan liabilities are funded by Company contributions and investment gains. Assets are held in a tax-exempt trust.	Plan liabilities are unfunded.	Plan liabilities are unfunded.

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Service recognized upon rehire or status change

Topics you will find on this page

- ☒ Restoring benefit and vesting service
- ☒ Received retirement benefit or am receiving monthly benefits
- ☒ Increases to your retirement benefit
- ☒ Service with an acquired company
- ☒ Change from hourly to salaried status

Restoring benefit and vesting service

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Q If I am rehired by the Company, will my prior service count or do I lose it?

- Special J&H rules
- Special Sedgwick rules

A

- If you left the Company before January 1976: You recover your prior benefit and vesting service only if you were vested when you left.
- If you were not vested when you left the Company and you left the Company between January 1, 1976 and December 31, 1984: You recover your prior benefit and vesting service only if it was longer than your absence.
- If you were not vested when you left the Company and

you left the Company between January 1, 1976, and December 31, 1984 and were rehired on or after January 1, 1985: If you were gone less than five years, you recover your prior service upon rehire unless, as of December 31, 1984, your break in service was longer than your prior period of service. In that case, you will not recover your prior benefit and vesting service.

- If you were not vested when you left the Company and you left the Company between January 1, 1976, and December 31, 1984, and were rehired on or after January 1, 1985: If you were gone more than five years, you will recover your prior service only if it was longer than your break in benefit and vesting service.
- If you were not vested when you left the Company and you left the Company on or after January 1, 1985: You recover your previous benefit and vesting service even if you were not vested when you left. (The vesting requirement was reduced from 10 years to 60 months of service, effective January 1, 1989. Note, though, that if your break in service was less than 12 months, your vesting is considered to be uninterrupted.)
- If you were vested when you left the Company: you will recover your benefit and vested service if you are later rehired. (Since 1989, vesting means that you have at least 60 months of service or have attained age 65; vesting rules were different prior to that date.)

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Received retirement benefit or am receiving monthly benefits

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Q What happens if I am rehired, but I have already received a lump sum distribution or I am receiving monthly benefits from the plan?

A If you are rehired and

- received a lump sum distribution: You must repay the distribution with interest within five years of rehire if you want your benefit service to be restored. If you do not repay the lump sum distribution with interest, any benefit you accrue after you are rehired will be offset by the amount of the lump sum distribution you received.
- are receiving monthly retirement benefit payments: Your payments will be suspended if you are rehired as a salaried employee; your payments will continue if you are rehired as an hourly employee. (Note that you must meet the Company's definition of hourly employment; that is, you are hired to work on a project of a short-term nature or to work on a special project that will be accounted for on an hourly basis.)

In order to be rehired, you must have at least a three-month break in service.

You should notify your Human Resources Representative if you are rehired after your employment terminates.

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Increases to your retirement benefit

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Q Will my retirement benefit amount increase if I am rehired?

A In general, your monthly retirement benefit payments will be suspended and you will accrue a retirement benefit if you are rehired as a salaried employee.

When you later terminate employment, your benefit will be recalculated with your additional service and will be offset by the present value of the payments you previously received.

If your employment is less than 40 hours a month, special provisions will apply.

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Service with an acquired company

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Q Will service with an acquired company be counted for benefit and vesting service?

- Special J&H rules
- Special Sedgwick rules

A Generally, service with an acquired company is not counted for benefit service but would be counted for vesting service.

If you had previous service with an acquired company of MMC, the rules vary. You should contact your Human Resources Representative to request a review of your service prior to rehire to determine if it counts towards your vesting service.

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Change from hourly to salaried status

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Q What happens if I change from hourly to salaried status, or vice versa?

A If you transfer from hourly to salaried status, your service as an employee on the hourly payroll will count towards eligibility and vesting if you were credited with at least 1000 hours of service in an employment year. Special rules apply in the year in which your status changes from hourly-paid to salaried. Service on the hourly payroll does not count as benefit service for purposes of determining the amount of your benefit.

If you transfer to hourly-paid employment after becoming a participant, you will continue to receive vesting service credit for years in which you complete at least 1000 hours of service, but your benefit service will cease. Again, special rules apply in the year in which your status changes.

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Rollovers

Topics you will find on this page

- ☐ Rollover into the retirement plan
- ☐ Rollover out of the retirement plan
- ☐ Rollover process
- ☐ Where to find tax information on rollovers

Rollover into the retirement plan

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Q Can I roll money into the retirement benefit plan?

A The U.S. Retirement Program does not accept rollovers of benefits from other Plans.

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Rollover out of the retirement plan

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Q Can I roll over my retirement benefit to an IRA or another employer plan?

A A monthly retirement benefit payment can't be rolled over.

You can roll over a lump sum payment from the Retirement Plan into a traditional IRA (not a Roth IRA) or another eligible employer plan that accepts rollovers. An eligible employer plan could be a

qualified plan (e.g., 401(k) plan), or certain plans of government and tax-exempt organizations established under sections 403(a), 403(b) or section 457 of the Internal Revenue Code).

If you received a lump sum payment with a portion of the benefit attributable to service while in the Sedgwick Retirement Plan, the contributions you made to the Sedgwick Retirement Plan can be rolled over if the IRA or another eligible employer plan accepts after-tax contributions.

With the rollover check, there will be a letter for the receiving trustee stating the distribution is from the tax-qualified Retirement Plan.

If the lump sum value of your benefit is \$1,000 or less, you will automatically receive a lump sum distribution in lieu of a monthly benefit.

If you die and the lump sum value of the survivor benefit is \$1,000 or less, your spouse will automatically receive a lump sum distribution in lieu of a monthly benefit.

If the lump sum value of your benefit is less than \$200, it will automatically be paid to you by check made payable to the receiving trustee and mailed directly to you. You can deposit it into another eligible employer plan or IRA that accepts rollovers.

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Rollover process [More...](#)

Q How do I rollover a lump sum?

[Taxes](#)

A Participants eligible for a lump sum payment will be sent a form to complete.

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Where to find tax information on rollovers [More...](#)

Q Where can I find tax information on rollovers out of the plan?

A Refer to the IRS Special Tax Notice Regarding Plan Payments.

You should consult with a tax professional to find out exactly what taxes you will have to pay.

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Special Sedgwick rules

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Sedgwick overview

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These special rules apply to individuals with past Sedgwick service who are actively employed by the Company on or after January 1, 2000. In general, individuals employed by MMC who were employed by Sedgwick on the corporate merger date, November 3, 1998, were first eligible to participate in the MMC Retirement Plan on January 1, 2000.

Effective as of January 1, 2000, the Sedgwick Retirement Plan was merged into the MMC Retirement Plan. Your Sedgwick benefit as of December 31, 1999, if any, updated for MMC pay history will be added to any benefit you accrued starting January 1, 2000 under the MMC Retirement Plan. The total combined benefit will be payable from the MMC Retirement Plan if you are vested when you leave the Company.

Note: Your Sedgwick service will count for vesting in the MMC Retirement Program to the extent it was recognized under the Sedgwick Retirement Plan if you were employed on the corporate merger date and remained employed through December 31, 1999; it does not count as benefit service under the MMC Retirement Program. Your benefit and vesting service dates on record can be found via MMC PeopleLink (www.mmcpeoplelink.com) by accessing, "Information About You" in the Retirement Program Calculator.

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Effect on eligibility requirement with prior Sedgwick

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Service

Q How will the one year of service eligibility requirement be affected by my former Sedgwick service?

A Your previous eligibility service with a Sedgwick company will generally count toward the one year of service eligibility requirement under the program.

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Benefit accrual rates with prior Sedgwick service

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Q How does my prior Sedgwick service impact my future MMC retirement benefit accrual rates?

[Retirement Plan formula](#)

A The benefit that you earn after 1999 will be determined under the MMC Retirement Program formula using service with MMC after 1999. Prior Sedgwick benefit service is not counted as benefit service under the MMC Retirement Program formula.

The MMC Retirement Program formula for the MMC Retirement Plan uses a higher accrual rate (i.e. 1.6%) for the first 30 years of benefit service than the rate (1.0%) used in later years. To determine which rate applies when your MMC Retirement Plan benefit is calculated, your combined length of benefit service with both Sedgwick and MMC will be considered as applicable for determining the period to measure average monthly earnings. Prior Sedgwick benefit service is counted only to determine how many years of service count toward the 30 years.

For example, say you had 25 years of Sedgwick credited service as of December 31, 1999. You continue employment with MMC for 15 years beginning in 2000, until you retire with a combined total of 40 years of service. Your MMC Retirement Plan benefit for your post-1999 service would be calculated using the higher accrual rate for five years (because these five years, when added to your 25 years of Sedgwick service, total 30), the lower accrual rate for the remaining 10 years, and your total base salary history with both MMC and Sedgwick.

If you were not an active employee participant in the Sedgwick Retirement Plan on December 31, 1999, only your service and base salary with MMC on or after January 1, 2000, will count toward the benefit accrual rates.

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Pay average to determine post-1999 MMC benefit

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Q What portion of my pay is used to determine my post-1999 MMC benefit?

A The base salary that you earned with Sedgwick will count for the MMC Retirement Program's five-year pay average that is used to determine benefits accrued as of December 31, 2005, if your Sedgwick benefit service is counted for the MMC accrual rates under any of the situations described earlier. If your prior Sedgwick base salary counts, then your Sedgwick base salary and your MMC base salary will be taken into account when determining your overall MMC Retirement Program benefit accrued as of December 31, 2005.

Otherwise, only your base salary with MMC on or after January 1, 2000, will count toward the Retirement Plan benefit calculations.

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Vesting requirement with prior Sedgwick service [More](#)

Q What is the vesting requirement if I had former Sedgwick service?

A Generally, the MMC Retirement Program requires 60 months of service for full vesting. Your prior Sedgwick vesting service generally counts for this purpose and includes all calendar years prior to January 1, 2000 in which you earned 1000 hours of service with Sedgwick

- prior to the date you were first eligible to start contributing to the Sedgwick Plan and
- after the date you first became eligible to contribute if you actually elected to contribute to the Sedgwick Plan.

Your previous vesting service with a Sedgwick company will count toward the MMC Retirement Plan's 60 months of service vesting requirement if:

- you were vested or credited with vesting service under the Sedgwick Retirement Plan when you left Sedgwick employment; or
- you were an active employee participating in the Sedgwick Retirement Plan on December 31, 1999; or
- you were employed at MMC on November 3, 1998 and left employment when you were not yet vested under the Sedgwick Retirement Plan on or after November 3, 1998; or
- you were hired by MMC after November 3, 1998, within five years of leaving a Sedgwick company.

Otherwise, only your service with MMC on or after November 3, 1998, will count toward the 60 months of service vesting requirement.

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Prior MMC service impact on Sedgwick benefit [More](#)

Q How does my prior MMC service impact my Sedgwick retirement benefit?

A If you were employed by a Sedgwick company on November 3, 1998 and before that you worked at MMC, your MMC service will count in determining your vesting status under the Sedgwick Plan if you are employed by MMC on or after January 1, 2000 and if:

- you left MMC after 1984; or
- you left MMC before 1985 with a vested MMC retirement benefit.

Otherwise, your prior MMC service does not count for vesting in your Sedgwick benefit.

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Vesting effect for future MMC service[More](#)

Q How is my future MMC service going to impact the vesting of my Sedgwick retirement benefit?

A If you previously worked at Sedgwick, but terminated before becoming vested in your Sedgwick Retirement Plan benefit, and you are employed by MMC on or after January 1, 2000, your MMC service beginning with the date of your employment with MMC will be counted in determining your vested status in the Sedgwick benefit if:

- you were employed at MMC on November 3, 1998 and left Sedgwick on or after November 3, 1993 and repaid the employee contributions you made to the Sedgwick Plan plus interest within five years of reemployment; or
- you were employed at MMC after November 3, 1998 within five years of leaving Sedgwick and repaid the employee contributions you made to the Sedgwick Plan plus interest within five years of reemployment.

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Q How is my future MMC service going to impact the benefit service for calculating my Sedgwick retirement benefit?

A Periods of employment with an MMC company do not count as benefit service in determining the amount of any benefit to which you may be entitled under the Sedgwick Retirement Plan formula.

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Q How will my future MMC pay impact my Sedgwick retirement benefit?

A If you were employed by Sedgwick on November 3, 1998 and remained continuously employed by MMC through December 31, 1999 and have a Sedgwick benefit that has not been previously forfeited or distributed in a lump sum that has not been repaid to the Plan, your pay history after January 1, 2000 will be used to update your December 31, 1999 accrued Sedgwick benefit. Your benefit is multiplied by a factor that is determined by dividing your final average salary at termination of employment by your final average salary as of December 31, 1999.

For example, if your final average salary at termination is \$125,000 and your final average salary as of December 31, 1999 was \$100,000 your Sedgwick benefit accrued as of December 31, 1999 will be multiplied by 1.25 (\$125,000/\$100,000.)

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Q What factors will be used to reduce my Sedgwick benefit attributable to the Sedgwick Retirement Plan and the pay update on that benefit if I commence benefits before age 65?

A If you have a Sedgwick Retirement Plan benefit and commence

payments prior to age 65, your accrued benefit from the Sedgwick Retirement Plan as of December 31, 1999 (as adjusted for any pay update applied to your benefit) are reduced by the early retirement factors that were in effect under the Sedgwick Retirement Plan as of December 31, 1999, as follows:

If you elect to begin your benefit at this age:	You will receive this percentage of your benefit Accrued through December 31, 1999	
	Born Before 1955	Born After 1954
55	60%	50%
56	64%	62%
57	68%	68%
58	72%	72%
59	76%	76%
60	80%	80%
61	84%	84%
62	88%	88%
63	92%	92%
64	96%	96%
65	100%	100%

The MMC Retirement Plan Early Retirement factors will be applied to the benefit you accrue under the MMC Retirement Plan to compensate for the longer projected payout period.

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Prior Johnson & Higgins vesting service impact on Sedgwick benefit

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Q How will my prior Johnson & Higgins vesting service impact my Sedgwick retirement benefit?

Special J&H rules

A If you were employed by a Sedgwick company on November 3, 1998 and before that you worked at Johnson & Higgins, your Johnson & Higgins service will be counted in determining your vested status under the Sedgwick benefit if you are employed by MMC on or after January 1, 2000 and if:

- you left Johnson & Higgins with a vested Johnson & Higgins benefit; or
- you left Johnson & Higgins on or after November 3, 1993 before becoming vested and were hired by Sedgwick before November 3, 1998.

Otherwise, your prior Johnson & Higgins service does not count for vesting in your Sedgwick benefit.

Periods of employment with a Sedgwick or Johnson & Higgins

company do not count as benefit service in determining the amount of any benefit to which you may be entitled under the other company's Retirement Plan, as applicable.

Pay with a Sedgwick company does not count as pay in the J&H benefit formula. Pay with a Johnson & Higgins company does not count as pay in the Sedgwick benefit formula.

If you have prior Johnson & Higgins or MMC service that you believe should be counted in determining your eligibility and vesting in the plans described, notify your Human Resources Representative. Be sure to attach documentation supporting your assertion.

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Sedgwick vesting service impact on Johnson & Higgins benefit

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Q How will my Sedgwick vesting service impact my Johnson & Higgins retirement benefit?

[Special J&H rules](#)

A If you are employed by MMC on or after January 1, 2000, your Sedgwick/MMC vesting service that you earned after your date of hire by Sedgwick will count towards vesting in your Johnson & Higgins benefit if you were hired by Sedgwick before November 3, 1998 and left Johnson & Higgins on or after November 3, 1993 before becoming vested.

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Johnson & Higgins vesting service impact on Sedgwick benefit

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Q How will my Johnson & Higgins vesting service impact my Sedgwick retirement benefit?

[Special J&H rules](#)

A If you are employed by MMC on or after January 1, 2000, your J&H vesting service that you earned after your date of hire by Johnson & Higgins will count toward vesting in your Sedgwick benefit if you were hired by Johnson & Higgins before October 1, 1997, left Sedgwick on or after November 3, 1993 before becoming vested and repaid the employee contributions you made to the Sedgwick Plan.

Remember that Sedgwick vesting service includes all calendar years in which you earned 1000 hours of service with Sedgwick.

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Special Johnson & Higgins rules

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These special rules apply to individuals with past Johnson & Higgins service who are actively employed by the Company on or after January 1, 1998. In general, individuals employed by MMC who were employed by Johnson & Higgins on the corporate merger date, March 27, 1997, were first eligible to participate in the MMC Retirement Program on January 1, 1998.

Effective as of January 1, 1998, the Johnson & Higgins Retirement Income Plan was merged into the MMC Retirement Plan. Your Johnson & Higgins benefit as of December 31, 1997, if any, updated for MMC pay history will be added to any benefit you accrued starting January 1, 1998 under the MMC Retirement Plan. The total combined benefit will be payable from the MMC Retirement Plan if you are vested when you leave the Company.

Note: Your Johnson & Higgins service will count for vesting in the MMC Retirement Program to the extent it was recognized under the Johnson & Higgins Retirement Income Plan if you were employed on the corporate merger date and remained employed through December 31, 1997; it does not count as benefit service under the MMC Retirement Program. Your benefit and vesting service dates on record can be found via MMC PeopleLink (www.mmcpeoplelink.com) by accessing, "Information About You" in the Retirement Program Calculator.

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Effect on eligibility requirement with prior Johnson & Higgins service

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Q How will the one year of service eligibility requirement be affected by my former Johnson & Higgins service?

A Your previous eligibility service with a Johnson & Higgins company will generally count toward the one year of service eligibility requirement under the program.

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Q How does my prior Johnson & Higgins service impact my future MMC retirement benefit accrual rates?

[Retirement Plan formula](#)

A The benefit that you earn after 1997 will be determined under the MMC Retirement Program formula using service with MMC after 1997. Prior Johnson & Higgins benefit service is not counted as benefit service under the MMC Retirement Program formula.

The MMC Retirement Program formula for the MMC Retirement Plan and Benefit Equalization Plan use a higher accrual rate (i.e. 1.6%) for the first 30 years of benefit service than the rate (1.0%) used in later years. To determine which rate applies when your MMC Retirement Plan benefit is calculated, your combined length of benefit service with both Johnson & Higgins and MMC will be considered as applicable for determining the period to measure average monthly earnings. Prior Johnson & Higgins benefit service is counted only to determine how many years of service count toward the 30 years.

For example, say you had 25 years of Johnson & Higgins credited

service as of December 31, 1997. You continue employment with MMC for 15 years beginning in 1998, until you retire with a combined total of 40 years of service. Your MMC Retirement Plan benefit for your post-1997 service would be calculated using the higher accrual rate for five years (because these five years, when added to your 25 years of Johnson & Higgins service, total 30), the lower accrual rate for the remaining 10 years, and your total base salary history with both MMC and Johnson & Higgins.

If you were not an active employee participant in the Johnson & Higgins Retirement Income Plan on December 31, 1997, only your service and base salary with MMC on or after January 1, 1998, will count toward the benefit accrual rates.

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Pay average to determine post-1997 MMC benefit

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Q What portion of my pay is used to determine my post-1997 MMC benefit?

A The base salary that you earned with Johnson & Higgins will count for the MMC Retirement Program's five-year pay average that is used to determine benefits accrued as of December 31, 2005, if your Johnson & Higgins benefit service is counted for the MMC accrual rates under any of the situations described earlier. If your prior Johnson & Higgins base salary counts, then your Johnson & Higgins base salary and your MMC base salary will be taken into account when determining your overall MMC Retirement Program benefit accrued as of December 31, 2005.

Otherwise, only your base salary with MMC on or after January 1, 1998, will count toward the Retirement Plan benefit calculations.

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Vesting requirement with prior Johnson & Higgins service

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Q What is the vesting requirement if I had former Johnson & Higgins service?

A Generally, the MMC Retirement Program requires 60 months of service for full vesting. Your prior Johnson & Higgins vesting service generally counts for the purpose and includes all years of service prior to January 1, 1998 with Johnson & Higgins.

Your previous vesting service with a Johnson & Higgins company will count toward the MMC Retirement Plan's 60 months of service vesting requirement if:

- you were vested or credited with vesting service under the Johnson & Higgins Retirement Income Plan when you left Johnson & Higgins employment; or
- you were an active employee participating in the Johnson & Higgins Retirement Income Plan on December 31, 1998; or
- you were employed at MMC on March 27, 1997 and left employment when you were not yet vested under the Johnson & Higgins Retirement Income Plan on or after March 27, 1997; or
- you were hired by MMC after March 27, 1997, within five

years of leaving a Johnson & Higgins company.

Otherwise, only your service with MMC on or after March 27, 1997, will count toward the 60 months of service vesting requirement.

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Prior MMC service impact on Johnson & Higgins benefit

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Q How does my prior MMC service impact my Johnson & Higgins retirement benefit?

A If you were employed by a Johnson & Higgins company on March 27, 1997 and before that you worked at MMC, your MMC service will count in determining your vesting status under the Johnson & Higgins Retirement Income Plan if you are employed by MMC on or after January 1, 1998 and if:

- you left MMC after 1984; or
- you left MMC before 1985 with a vested MMC retirement benefit.

Otherwise, your prior MMC service does not count for vesting in your Johnson & Higgins benefit.

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Vesting effect for future MMC service

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Q How is my future MMC service going to impact the vesting of my Johnson & Higgins retirement benefit?

A If you previously worked at Johnson & Higgins, but terminated before becoming vested in your Johnson & Higgins Retirement Income Plan benefit, and you are employed by MMC on or after January 1, 1998, your MMC service beginning with the date of your employment with MMC will be counted in determining your vested status in the Johnson & Higgins benefit if:

- you were employed at MMC on March 27, 1997 and left Johnson & Higgins on or after March 27, 1997; or
- you were employed at MMC after March 27, 1997 within five years of leaving Johnson & Higgins.

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Benefit service impact

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Q How is my future MMC service going to impact the benefit service for calculating prior Johnson & Higgins retirement benefit?

A Periods of employment with an MMC company do not count as benefit service in determining the amount of any benefit to which you may be entitled under the Johnson & Higgins Retirement Income Plan formula.

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Pay history

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Q How is my future MMC pay history going to impact my Johnson & Higgins retirement benefit?

A If you were employed by Johnson & Higgins on March 27, 1997 and remained continuously employed by MMC through December 31, 1997 and have a Johnson & Higgins benefit that has not been previously forfeited or distributed in a lump sum that has not been repaid to the plan, your pay history after January 1, 1998 will be used to update your December 31, 1997 accrued Johnson & Higgins benefit. Your benefit is multiplied by a factor that is determined by dividing your final average salary at termination of employment by your final average salary as of December 31, 1997.

For example, if your final average salary at termination is \$125,000 and your final average salary as of December 31, 1999 was \$100,000 your Johnson & Higgins benefit accrued as of December 31, 1999 will be multiplied by 1.25 (\$125,000/\$100,000.)

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Early retirement factors	Note
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Q What factors will be used to reduce my Johnson & Higgins benefit attributable to the Johnson & Higgins Retirement Income Plan and the pay update on that benefit if I commence benefits before age 65?

A If you have a Johnson & Higgins Retirement Income Plan benefit and commence payments prior to age 65, your accrued benefit from the Johnson & Higgins Retirement Income Plan as of December 31, 1997 (as adjusted for any pay update applied to your benefit) are reduced by the Early Retirement factors that were in effect under the Johnson & Higgins Retirement Income Plan as of December 31, 1997.

If you leave employment on or after age 55 and had five years of vesting service, your Johnson & Higgins Retirement Income Plan benefit and the applicable pay update will be subject to the following early reduction factors:

If you elect to begin your benefit at this age:	You will receive this percentage of your benefit accrued through December 31, 1997
55	58%
56	64%
57	70%
58	76%
59	82%
60	88%
61	94%
62	100%
63	100%
64	100%
65	100%

If you leave employment prior to attaining age 55 and had five years of vesting service, your Johnson & Higgins Retirement Income Plan benefit and the applicable pay update will be subject

to the following early reduction factors:

If you elect to begin your benefit at this age:	You will receive this percentage of your benefit accrued through December 31, 1997
55	40%
56	46%
57	52%
58	58%
59	64%
60	70%
61	76%
62	82%
63	88%
64	94%
65	100%

The MMC Retirement Plan Early Retirement factors will be applied to the benefit you accrue under the MMC Retirement Plan to compensate for the longer projected payout period.

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Q How will my prior Johnson & Higgins vesting service impact my Sedgwick retirement benefit?

A If you were employed by a Sedgwick company on November 3, 1998 and before that you worked at Johnson & Higgins, your Johnson & Higgins service will be counted in determining your vested status under the Sedgwick Plan if you are employed by MMC on or after January 1, 2000 and if:

- you left Johnson & Higgins with a vested Johnson & Higgins benefit; or
- you left Johnson & Higgins on or after November 3, 1993 before becoming vested and were hired by Sedgwick before November 3, 1998.

Otherwise, your prior Johnson & Higgins service does not count for vesting in your Sedgwick benefit.

Periods of employment with a Sedgwick or Johnson & Higgins company do not count as benefit service in determining the amount of any benefit to which you may be entitled under the Johnson & Higgins Retirement Income Plan or Sedgwick Retirement Plan, as applicable.

Pay with a Sedgwick company does not count as pay in the Johnson & Higgins Retirement Income Plan benefit formula. Pay with a Johnson & Higgins company does not count as pay in the Sedgwick benefit formula.

If you have prior Johnson & Higgins or MMC service that you believe should be counted in determining your eligibility and vesting in the plans described, notify your Human Resources representative. Be sure to attach documentation supporting your assertion.

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Q How will my Sedgwick vesting service impact my Johnson & Higgins retirement benefit?

A If you are employed by MMC on or after January 1, 2000, your Sedgwick and MMC vesting service that you earned after your date of hire by Sedgwick will count towards vesting in your Johnson & Higgins benefit if you were hired by Sedgwick before November 3, 1998 and left Johnson & Higgins on or after November 3, 1993 before becoming vested.

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Johnson & Higgins vesting service impact on Sedgwick benefit

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Q How will my Johnson & Higgins vesting service impact my Sedgwick retirement benefit?

A If you are employed by MMC on or after January 1, 2000, your Johnson & Higgins and MMC vesting service that you earned after your date of hire by Johnson & Higgins will count towards vesting in your Sedgwick benefit if you were hired by Johnson & Higgins before October 1, 1997, left Sedgwick on or after November 3, 1993 before becoming vested and repaid the employee contributions you made to the Sedgwick Plan.

Remember that Sedgwick vesting service includes all calendar years in which you earned 1000 hours of service with Sedgwick.

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Taxes

Topics you will find on this page


- ☐ Taxes on Retirement Plan benefit payment
- ☐ Changing withholdings
- ☐ Taxes on a lump sum

 Reported withholdings

Taxes on Retirement Plan benefit payment

More

Q How is my Retirement Plan benefit taxed after I receive a payment?

 IRS Special Tax Notice Regarding Plan Payments

A After your payments start, your benefits are taxed as ordinary income. Make your tax withholding election by filling out an IRS Federal Form W-4P. If you contributed to the Sedgwick Retirement Plan, the portion of your payment attributable to your employee contributions is not taxable.

You will be sent federal tax withholding forms with your retirement paperwork. If you don't return a form, federal taxes will be withheld as if you are married with three withholding allowances.

If you don't have sufficient taxes withheld, you may have to pay estimated taxes on a quarterly basis.

Consult with a financial or tax professional for information about your personal tax situation.

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Changing withholdings

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Q How do I change my tax withholdings?


A You may change your tax withholding election by completing a new IRS form W-4P. You may get a copy of the form at the IRS website.

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Taxes on a lump sum

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Q Is a lump sum payment taxed?

 Rollovers

A If you are eligible for a lump sum distribution and don't roll it over, it will be considered a part of your taxable income.

In addition to any taxes, your distribution may be subject to a 10% penalty tax unless you:

- receive the distribution on or after you reach age 59 1/2 or
- leave the Company and receive the distribution on or after age 55 or
- use the distribution for an IRS deductible medical expense or
- are disabled (as defined by the Internal Revenue Code) or
- are an alternate payee and receive a distribution pursuant to a Qualified Domestic Relations Order.

Lump sum payments are subject to a mandatory 20% federal tax withholding if not directly rolled over to the trustee or custodian of another plan or IRA.

You can avoid a required 20% federal withholding and the 10% penalty if the check is made payable to the trustee or custodian of another eligible employer plan that accepts rollovers or an IRA.

Your contributions to the Sedgwick Retirement Plan can be rolled over only to an IRA or eligible employer plan that accepts after-tax contributions.

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Reported withholdings

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Q How are taxes reported?

A Your Retirement Plan benefit payments and withholdings are reported on an IRS Form 1099R. The form is mailed to you no later than January 31.

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U.S. Retirement Program home page

Explanation of vesting

Topics you will find on this page

- ☒ Vesting requirement
- ☒ Vesting at normal retirement date
- ☒ Vesting in other circumstances

Vesting requirement

[More...](#)

Q When am I vested in my retirement benefit?

A You are fully vested in or have a nonforfeitable right to your benefit in the retirement benefit Plan when you earn 60 months of vesting service. If you leave voluntarily or involuntarily with less than 60 months of service, you are not vested in your retirement benefit

and no benefits are payable from the Plan.

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Vesting at normal retirement date

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Q Am I fully vested at my normal retirement date?

A If you are not already vested; you are automatically vested at age 65, and your normal retirement date is the first of the month after your 65th birthday (or your 65th birthday if your birthday falls on the first of the month). After you meet the requirements, this is your normal retirement date.

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Vesting in other circumstances

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Q What other circumstances result in vesting under the Retirement Plan?

A You will be fully vested in your accrued benefit (to the extent funded) if the Plan has a partial termination affecting you or if the Retirement Plan is completely terminated.

You are also fully vested in the portion of your accrued benefit attributable to any employee contributions you made to a merged plan.

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Definitions

Topics you will find on this page

- ☐ Accrued or earned benefit
- ☐ Benefit commencement date
- ☐ Benefit service
- ☐ Benefit service date
- ☐ Covered compensation
- ☐ Deferred retirement date
- ☐ Defined benefit plan
- ☐ Early retirement date
- ☐ Eligible monthly salary

- Final average salary
- Normal retirement date
- Retired employee
- Retirement Plan calculator
- Tax qualified plan
- Vesting service
- Vesting service date
- Vested termination benefit

Accrued or earned benefit

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This is the amount of benefit that (1) you have earned to date, as determined under the benefit calculation formula based on your salary and benefit service and (2) is payable at age 65 if you terminate employment and are vested.

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Benefit commencement date

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This is the first day of the month in which your benefit from the Plan is paid. Once you elect a benefit commencement date and payments commence, you may not change it.

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Benefit service

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Benefit service is used to calculate your U.S. Retirement Program benefit amount, and generally includes the number of months and years of your salaried employment with the Company. Benefit service begins on your benefit service date and ends on your date of termination of employment. Any month in which you worked at least one hour as a salaried employee of a participating company counts as a full month for benefit service.

If you are placed on a leave of absence (other than for an approved disability or military leave of absence) that is more than 12 months in duration, you will not receive benefit service after the first 12 months of the leave.

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Benefit service date

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This is the start of your benefit service and, for most salaried employees, is the first of the month in which you worked at least one

hour. For example, if you were hired on October 31, your benefit service date would be October 1. Your benefit service date may be determined differently if you became an eligible employee through an acquisition, if you left the Company and were later rehired, or if you had service as an hourly or leased employee or were employed outside the U.S. Your Human Resources Representative can tell you your benefit service date, as currently maintained in the Company's records; this date can also be found via MMC PeopleLink (www.mmcpeoplelink.com) by accessing, "Information About You" in the Retirement Program Calculator.

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Covered compensation

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This is a set of annually issued Federal Government values of the average of the Social Security maximum Taxable Wage Bases over the 35-year period that ends at your Social Security normal retirement age. The Taxable Wage Base is the maximum amount of compensation recognized in determining your Social Security retirement benefit. (Currently, Social Security normal retirement age is 65 if you were born before 1938; 66 if you were born in 1938 through 1954; and 67 if you were born in 1955 or later. If you have not yet reached your Social Security normal retirement age, the current wage base is projected to your Social Security normal retirement age assuming no increases.) Each year the Federal Government issues an updated Taxable Wage Base Table. A copy of the table can be found on the Internet by accessing: http://www.irs.gov/irb/2004-46_IRB/ar07.html or go to "IRS.gov" and search for "Internal Revenue Bulletin (IRB) 2004-46".

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Deferred retirement date

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If your employment with the Company continues beyond your 65th birthday, your retirement benefit will be deferred, and you will begin receiving your benefit as of the first of the month that immediately follows the day you terminate employment. You will continue to accrue a benefit until you retire.

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Defined benefit plan

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This is a type of retirement benefit plan in which benefits are determined by a formula that usually considers salary and service. The plans in the Retirement Program are all defined benefit plans.

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Early retirement date

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If you have completed at least 60 months of vesting service and are under age 65, you may retire on the first of any month on or after age 55. Your accrued benefit considers salary and service through the end of the month in which you terminate employment. If you retire before age 62 and commence your benefit payments before age 62, your benefit accrued as of December 31, 2005 is reduced by the applicable benefit reduction percentage to reflect the longer payment period. If you retire before age 65, your benefit accrued on or after January 1, 2006 is reduced by the applicable benefit reduction percentage to reflect the longer payment period. Benefits accrued under plans of an acquired company may have different

early retirement reductions that apply.

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Eligible monthly salary

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For the Retirement Plan and Benefit Equalization Plan:

Eligible monthly salary is your monthly base salary paid during periods when you were employed as a salaried employee by a participating MMC company. Salary does not include overtime, bonuses, commissions and other extra compensation but does include before-tax salary reduction amounts that you may contribute to other programs sponsored by MMC in which you were eligible to participate, such as the Stock Investment Plan or a Flexible Spending Account, but excluding compensation you defer under the Stock Investment Supplemental Plan. The amount of your salary that can be used in determining your eligible monthly salary under the Plan is subject to an annual limit prescribed by the IRS. The annual limit is pro-rated so that your eligible monthly salary cannot exceed one-twelfth of the annual IRS limit in effect for the applicable calendar year.

For the Supplemental Retirement Plan:

Same as above but includes compensation you defer under the Stock Investment Supplemental Plan.

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Final average salary

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For the Retirement Plan and Benefit Equalization Plan:

Final average salary is the average of your highest eligible monthly salary paid during periods when you were employed as a salaried employee by a participating MMC company, over a 60 consecutive month period during your employment. Salary does not include overtime, bonuses, commissions and other extra compensation but does include before-tax salary reduction amounts that you may contribute to other programs sponsored by MMC in which you were eligible to participate, such as the Stock Investment Plan or a Flexible Spending Account, but excluding compensation you defer under the Stock Investment Supplemental Plan. The amount of your salary that can be used in determining your final average salary for a qualified plan is subject to an annual limit prescribed by the IRS.

For the Supplemental Retirement Plan:

Same as above but includes compensation you defer under the Stock Investment Supplemental Plan.

Normal retirement date

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Your normal retirement date is the first day of the month on or after reaching age 65.

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Retired employee[More](#)

The Company considers you a retired employee starting the first of the month following the last day for which you are paid (if you are not at that time expected to return to work), provided you are at least age 55 with 60 months of vesting service on that date, or age 65 and over with any amount of service.

[Back to top](#)**Retirement program calculator**

The Retirement Program Calculator is a tool you can use to estimate your benefits under the U.S. Retirement Program based on assumptions (selected age expected to retire, salary, years of service, etc.) you choose and also view your prior estimates. The calculator is meant for planning purposes and only provides an estimate of the final amount you may receive during retirement. The Retirement Program Calculator icon can be accessed via MMC PeopleLink (www.mmcpeoplelink.com).

Tax-qualified plan[More](#)

A plan that satisfies the Internal Revenue Service requirements governing retirement plans and pays benefits within IRS limits and allows the Company to set aside assets in a tax-exempt trust to fund participant benefits, without subjecting participants to tax until they receive distributions from the plan.

The IRS imposes certain limits on tax-qualified plans, such as establishing a maximum amount of salary that can be used to calculate plan benefits, and the maximum benefit that a retirement plan can pay a participant at age 65 and other retirement ages. The government adjusts these limits from time to time. Lower limits applicable for prior years may affect your benefits.

The MMC Retirement Plan is a tax-qualified plan and was last approved by the IRS on July 31, 2002. The 2006 IRS limits for the MMC Retirement Plan are:

- maximum annual pensionable compensation: \$220,000
- annual life annuity benefit at age 65; the lesser of \$175,000 or the average of your highest Company annual compensation over a three consecutive calendar year period.

[Back to top](#)**Vesting service**[More](#)

Vesting service is used to determine when you become vested and are entitled to a benefit under the U.S. Retirement Program and your eligibility for early retirement, even if you terminate employment before you are eligible to retire. Most employees are vested after completing 60 months of vesting service. However, you are vested at age 65, even if you have less than 60 months of vesting service. Any month in which you worked at least one hour as a salaried employee counts as a full month of vesting service.

Vesting service generally includes the number of months and years of your salaried employment with the Company (that is, your benefit

service) but may also include service:

- with an acquired company to the extent determined by the Company Representative
- with an MMC company that does not participate in the U.S. Retirement Program
- pre-merger vesting service recognized under a merged plan
- as an hourly or leased employee if you later became a salaried employee and have at least 1000 hours of service in your employment year.

Vesting service does not include service for employees who declined participation in the Sedgwick Retirement Plan prior to November 1, 1998, except for the one-year waiting period. (Special rules apply to certain former Sedgwick employees.)

If you are placed on a leave of absence (other than for disability or military) that is more than 12 months in duration, you will not receive vesting service after the first 12 months of the leave.

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Vesting service date

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Vesting service date is the date on which your vesting service begins. For most salaried employees, the vesting service date is the same as the benefit service date: the first of the month in which you worked at least one hour. Your vesting service date may vary, however, if you became an eligible employee through an acquisition, if you participated in a plan that was merged into this Plan, if you left the Company and later were rehired, if you had service as an hourly or leased employee, or if you did not work for a participating company. Your vesting service date can be found via MMC PeopleLink (www.mmcpeoplelink.com) by accessing, "Information About You" in the Retirement Program Calculator.

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Vested termination benefit

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This is the benefit you receive if you terminate employment after you are vested but before age 55. You may elect to receive this benefit from the Program on the first of any month following your 55th birthday (or your 55th birthday if your birthday falls on the first of the month), up until your normal retirement date. If you elect to begin receiving benefits before age 65, your benefit is reduced to reflect the longer payment period. You must begin receiving your benefit no later than your normal retirement date (the first of the month on or after age 65).

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